



## RESOLUTION

AUTHORIZING THE CREATION OF A RECOVERY ZONE UNDER THE PROVISIONS OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 FOR THE PURPOSE OF ISSUING RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS; DESIGNATION OF THE LOCAL SUBALLOCATION OF THE VOLUME CAP WITH RESPECT TO THE RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS TO WASTEWATER REVENUE BONDS OF THE CITY AND COUNTY OF HONOLULU, HAWAII.

WHEREAS, Section 1401 of Title I of Division B of the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 115 (2009) ("ARRA"), added §§ 1400U-1 through 1400U-3 to the Internal Revenue Code of 1986 (the "Code"), authorizing state and local governments to issue recovery zone economic development bonds ("Recovery Zone Economic Development Bonds"); and

WHEREAS, Recovery Zone Economic Development Bonds may be issued by each state and counties and large municipalities within each state before January 1, 2011 under §§ 1400U-2 of the Internal Revenue Code ("Code"), as provided in § 1400U-1 of the Code to finance certain "qualified economic development purposes" for use within designated "recovery zones," as described; and

WHEREAS, for purposes of §§ 1400U-1 and 1400U-2 of the Code, the term "recovery zone" means: (1) any area designated by the issuer as having significant poverty, unemployment, rate of home foreclosures, or general distress; (2) any area designated by the issuer as economically distressed by reason of the closure or realignment of a military installation pursuant to the Defense Base Closure and Realignment Act of 1990; and (3) any area for which a designation as an empowerment zone or renewal community is in effect as of the effective date of ARRA, which effective date is February 17, 2009; and

WHEREAS, Section 1400U-2(c) of the Code defines the term "qualified economic development purpose" for purposes of § 1400U-2 of the Code to mean any expenditures for purposes of promoting development or other economic activity in a recovery zone, including (1) capital expenditures paid or incurred with respect to property located in the recovery zone, (2) expenditures for public infrastructure and construction of public facilities, and (3) expenditures for job training and educational programs; and

WHEREAS, eligible issuers of Recovery Zone Economic Development Bonds include States and political subdivisions as defined for purposes of § 103 of the Code; and



## **RESOLUTION**

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WHEREAS, §1400U-1(b) of the Code requires, in part, that issuers "designate" eligible recovery zones based on certain specified criteria; and

WHEREAS, I.R.S. Notice 2009-50 ("Notice 2009-50") provides that for this purpose, any state, county, or large municipality that receives a volume cap allocation for Recovery Zone Economic Development Bonds may make these designations of recovery zones in any reasonable manner as it shall determine in good faith in its discretion; and

WHEREAS, due to a significant decline in tourism, the City and County of Honolulu (the "City and County") has suffered significant general economic distress; and

WHEREAS, Section 1400U-1(a)(1)(A) of the Code provides that, subject to § 1400U-1(a)(1)(B) of the Code (relating to minimum allocations), generally, the Secretary of the Treasury (the "Secretary") shall allocate the \$10 billion national volume cap for Recovery Zone Economic Development Bonds among the states in the proportion that each state's 2008 state employment decline bears to the aggregate of the 2008 State employment declines for all of the States; and

WHEREAS, Section 1400U-1(a)(3)(A) of the Code provides generally that each state with respect to which an allocation is made under 1400U-1(a)(1) of the Code is required, without discretion, to reallocate such allocation among the counties and large municipalities in such state in the proportion that each county's or municipality's 2008 employment decline bears to the aggregate of the 2008 employment declines for all the counties and municipalities in such state (the "Volume Cap"); and

WHEREAS, for purposes of § 1400U-1(a)(3)(B) of the Code, the term "large municipality" means a municipality with a population of more than 100,000; and

WHEREAS, pursuant to Notice 2009-50, the Department of Treasury ("Treasury") and the Internal Revenue Service undertook to determine these required local suballocations of Volume Cap; and

WHEREAS, pursuant to Notice 2009-50, the local suballocation of volume cap determined by the Treasury to apply to the City and County of Honolulu (the "City and County") is \$29,431,000; now, therefore,



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BE IT RESOLVED by the Council of the City and County of Honolulu that it finds:

1. That the entire geographic area of the City and County of Honolulu is experiencing significant poverty, unemployment, rate of home foreclosures, or general distress for purposes of §1400U-1(b) of the Code.
2. That the entire geographic area of the City and County is hereby designated as a recovery zone for purposes of §1400U-1(b) of the Code.
3. That the \$29,431,000 representing the local suballocation of Volume Cap determined by the Treasury to apply to the City and County is hereby allocated to the City's Wastewater Revenue Bonds as described in either Resolution 98-193 or Resolution 93-195 (the "Bonds").
4. That the projects to be financed by the Bonds will promote development or other economic activity in such recovery zone and will constitute capital expenditures paid or incurred with respect to property located in the recovery zone and expenditures for public infrastructure and construction of public facilities.



**CITY COUNCIL**  
CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII

No. 09-237, CD1

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**RESOLUTION**

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BE IT FINALLY RESOLVED that copies of this resolution be transmitted to the Director of Budget and Fiscal Services and to the Chief of Treasury.

INTRODUCED BY:

Todd Apo (BR)

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DATE OF INTRODUCTION:

August 4, 2009  
Honolulu, Hawaii

Councilmembers

CITY COUNCIL  
CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII  
CERTIFICATE

**RESOLUTION 09-237, CD1**

Introduced: 08/04/09 By: TODD APO (BR)

Committee: BUDGET

Title: RESOLUTION AUTHORIZING THE CREATION OF A RECOVERY ZONE UNDER THE PROVISIONS OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 FOR THE PURPOSE OF ISSUING RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS; DESIGNATION OF THE LOCAL SUBALLOCATION OF THE VOLUME CAP WITH RESPECT TO THE RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS TO WASTEWATER REVENUE BONDS OF THE CITY AND COUNTY OF HONOLULU, HAWAII.

Links: [RES09-237](#)  
[RES09-237, CD1](#)  
[CR-258](#)

NOTE: COUNCILMEMBER DUKE BAINUM PASSED AWAY ON TUESDAY, JUNE 9, 2009. ALTHOUGH THERE IS A VACANCY, THE COUNCIL CONTINUES TO OPERATE IN ACCORDANCE WITH THE 9 MEMBERS IT IS ENTITLED TO PURSUANT TO SECTION 3-102, REVISED CHARTER OF THE CITY AND COUNTY OF HONOLULU 1973, AS AMENDED. HOWEVER, THE CERTIFICATE WILL NOT REFLECT THE VACANCY ON THE VOTE RECORDED FOR THIS ITEM.

BUDGET	08/12/09	CR-258 – RESOLUTION REPORTED OUT OF COMMITTEE FOR ADOPTION AS AMENDED IN CD1 FORM.		
COUNCIL	08/26/09	CR-258 AND RESOLUTION 09-237, CD1 ADOPTED.		
ANDERSON Y	APO Y	CACHOLA Y	DELA CRUZ Y	DJOU Y
GARCIA Y	OKINO Y	TAM Y		

I hereby certify that the above is a true record of action by the Council of the City and County of Honolulu on this RESOLUTION.

  
BERNICE K. N. MAU, CITY CLERK

  
TODD K. APO, CHAIR AND PRESIDING OFFICER